

# FACING BUDGET DEFICIT, CICILLINE EYES JOB CUTS, TAX HIKE AND EDUCATION TRIMS

The mayor's failed efforts in the General Assembly leave Providence \$27.5 million short for the fiscal year that starts Sunday.

**BY DANIEL BARBARISI**  
JOURNAL STAFF WRITER

PROVIDENCE — Mayor David N. Cicilline is proposing a tax hike that may mean an increase of just over 4 percent to the tax bills of city residents, in addition to the elimination of several dozen jobs and cuts to the schools to help balance his proposed city budget for the coming fiscal year.

Providence is facing what now appears to be a deficit in excess of \$27.5 million on Cicilline's \$625.9-million

budget for the fiscal year that begins Sunday when an accounting error in the school budget and the loss of several additional revenue streams are factored in.

Cicilline had long shied away from a property tax rate increase, announcing a budget with no tax changes two months ago, while pushing the General Assembly to allow the city to impose a series of new fees and give Providence more direct aid. Those efforts failed.

Even if Cicilline gets his proposed tax increase through the City Council, it would only amount to \$10 million in new money, and the city would still have to make \$17 million in cuts or use one-time revenues to balance its budget.

Cicilline announced yesterday that to fill that gap, he will look to eliminate any unfilled city positions — believed to be several dozen — cut dramatically from the School Department, introduce mandatory four-day furloughs and salary freezes, and increase health-care costs for the few non-union city employees.

More details will be available when he presents the completed package to the City Council on Monday.

Cicilline blamed the city's financial situation on the state: in the long term for shifting more of the tax burden from the state to local property taxpayers, and in the short term for failing to increase state aid for education

and for rejecting his legislative package that would have allowed targeted fees at the local level.

"The state budget passed last week will have serious consequences for every city and town in Rhode Island," Cicilline said.

"The state has consistently decreased its share of school costs over the past five years, leaving local property taxpayers to make up the difference," Cicilline said.

The \$27-million budget deficit can be traced to a number of factors: a combination of Cicilline's legislative efforts falling flat, a reliance on little-used state planning documents to draw up the budget, unanticipated cutbacks in state aid and internal miscues.

When he drew up his budget in late April, Cicilline gambled that the legislature would pass a package of bills that would let Providence and other municipalities introduce targeted fees in lieu of raising property taxes.

Cicilline's budget counted on \$10.5 million in new revenue for Providence from those bills, including charging the owners of alarm boxes a fee, removing the costs to the city for hydrant rental, and compensating Providence for hosting the Providence Water system, among others.

"I put forward legitimate legislative options that would have eliminated costly mandates and moved certain costs away from property taxpayers to a pay-for-service model," Cicilline said.

Providence

Journal

June 28, 2007

B. 1

The outlook for the package seemed bleak for months, though there was a brief ray of hope last week once Cicilline won the support of other municipal officials who were also looking for ways to help their budgets. But in the end, Cicilline lost; every key bill failed.

Cicilline also built his budget around the assumption that the state would allocate an additional \$7 million in direct aid to the city, a figure he said came from the state's five-year planning figures. But that aid increase did not seem consistent with the state budget deficit projections coming out of the State House in March and April, and in the frantic budget cutting on Smith Hill in the past two months, five-year plans did not seem to be on the legislators' minds.

As part of that cutting, the Assembly did not increase state education funding to cities and towns; Providence had been counting on at least a 3-percent increase. That meant another \$6 million the city had to make up.

Then, it became clear during city budget deliberations that the

School Department had accidentally factored in \$2.6 million more in their projections of the city's education contribution than the city was planning to give — \$118 million vs. \$115.3 million.

Supt. Donnie Evans acknowledged yesterday that the department is building new budget projections to account for the possibility that it may need to make additional cuts to account for that error. He also said that any cuts the department makes now will be to core services — there's no fat to trim.

"The School Department's down to the point where it's impossible to cut the budget without cutting essential programs," he said.

All told, it adds up to a city budget deficit of more than \$27.5 million.

And even if the city can close that gap, the \$625.9-million budget does not include any money for increases in salaries or benefits for the city's unionized workers. Union employees make up the vast majority of all city em-

ployees, and the contracts for all four major city unions — police, fire, schools and municipal employees — expire Saturday.

Negotiations or arbitration are continuing with all four unions, but none are close to a settlement. Once they do settle, at least some salary and benefit increases can be expected. Cicilline said that he did not introduce a tax increase initially, and tried to push the package of legislative fee increases because he did not want to bow to state government's efforts to push more of the tax burden to the local level through property taxes.

"I refused to make Providence complicit" in what he calls a broken system. "I believe this is a better policy than adding to the already heavy burden of property taxpayers."

Rep. Thomas Slater, chairman of the Providence delegation, said earlier this week that Cicilline's bills failed partially because other legislators do not want to give money to Providence, which is still viewed as a

"black hole" which sucks up money from the rest of the state, despite making drastic reductions in the size of city government in recent years.

Cicilline said that some in the Assembly may have used that as their reasoning for shooting down the Providence bills, but it's no more than a bad excuse.

"For some people, is it a convenient excuse? Yes," he said.

But why then, did Providence, with the largest delegation in the state and several powerful state legislators, including the House majority leader and the chairman of the House Finance Committee, strike out at the Assembly?

"I don't know. Why they failed is unclear to me," Cicilline said.

City Council President Peter S. Mancini said yesterday that the council will review Cicilline's proposal closely, but could only justify a significant tax increase if his plan includes deep, serious cuts.

Page 2 of 2